

## Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 09077 161937Z

13A  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 /055 W  
----- 021673

R 161707Z SEP 76  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 1871  
INFO ALL EC CAPITALS 2489

LIMITED OFFICIAL USE EC BRUSSELS 09077

E.O. 11652: N/A  
TAGS: EEC, EAGR  
SUBJECT: EUROPEAN PARLIAMENT DEBATES EC COMMISSION'S VEGETABLE  
OIL TAX PROPOSALS

1. DURING THE CURRENT PLENARY SESSION OF THE EUROPEAN PARLIAMENT IN LUXEMBOURG, SOCIALIST GROUP ON SEPTEMBER 15 FORCED AN UNSCHEDULED "EMERGENCY" DEBATE ON PROPOSALS BEING PREPARED BY THE EC COMMISSION FOR TRANSMITTAL TO THE COUNCIL TO TAX VEGETABLE OILS USED IN MARGARINE AS A STEP TOWARD REDUCING THE EC'S BUTTER SURPLUS. IN DEMANDING THE DEBATE, THE SOCIALISTS APPEARED MOTIVATED IN ABOUT EQUAL PARTS BY A GENUINE DISLIKE OF THE COMMISSION'S TAX PROPOSAL AND IRRITATION AT WHAT THEY CONSIDERED EC COMMISSIONER LARDINOIS' ARROGANCE AND FLIPPANCY IN REPLYING TO A QUESTION ON THIS SUBJECT DURING THE PARLIAMENT'S QUESTION HOUR EARLIER IN THE DAY.

2. OTHER POLITICAL GROUPS LARGELY ABSTAINED FROM THE DEBATE ON GROUNDS THAT (A) THE DEBATE HAD BEEN DEMANDED AND SCHEDULED ON THE SPUR OF THE MOMENT AND HENCE WAS NOT WELL PREPARED; AND (B) PARLIAMENT PLANS A FULL-SCALE DISCUSSION OF THE VEGETABLE OIL TAX ISSUE IN ITS OCTOBER SESSION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 09077 161937Z

3. WHILE SOCIALIST MPS FROM SEVERAL COUNTRIES SPOKE STRONGLY AGAINST THE TAX PROPOSAL, THE MOST IMPATIENT ORATORY CAME FROM UK AND GERMAN PARLIAMENTARIANS. THE COMMISSION'S PROPOSAL WAS VARIOUSLY DESCRIBED AS "PREPOSTEROUS," "OUTRAGEOUS," AND "LUNATIC," AND A MEASURE PATENTLY DESIGNED TO AID DAIRY PRODUCERS AT THE EXPENSE OF CONSUMERS.

4. REPLYING TO DEBATE, LARDINOIS MADE THE FOLLOWING POINTS: (A) WHILE THE COMMISSION HAS NOT YET DECIDED THE EXACT AMOUNT OF THE TAX IT WILL RECOMMEND TO THE EC COUNCIL, IT SPRESENT THINKING IS IN THE RANGE OF 8-16 GERMAN PFENNIGS PER KILO OF MARGARINE, NOT THE 60 OR MORE PFENNIGS PER KILO THAT SOME SOCIALIST MPS HAD CHARGED; (B) THE COMMISSION IS NOT TRYING TO END MARGARINE PRUCHASES BY EUROPEAN CONSUMERS, BUT ONLY TO END THE "STEADY EROSION IN BUTTER'S COMPETITIVE POSITION"---IT IS INTENDED THAT THE TAX WILL, IN ANY CASE, BE "NEUTRALIZED" BY A TAX ON MILK PRODUCTS; (C) MAJOR EXPORTERS OF VEGETABLE FATS AND OILS TO THE EC ARE THE US, EASTERN EUROPE, AND THE LDC'S--IMPORTS FROM LDC'S HAVE DECLINED IN RECENT YEARS, WHILE THOSE FROM THE US AND EASTERN EUROPE ARE GROWING; (D) THE ONLY REPRESENTATIONS AGAINST THE TAX PROPOSAL RECEIVED BY COMMISSION TO DATE HAVE BEEN FROM THE US, SOME SOUTHEAST ASIAN COUNTRIES EXPORTING COCONUT OIL AND DUTCH OIL AND FAT PRODUCERS. THE REACTIONS OF AMERICAN AGRICULTURE (MAINLY CALIFORNIA SOYBEAN GROWERS, ACCORDING TO LARDINOIS) HAVE BEEN OUT OF PROPORTION TO THE TAX PROPOSALS' ACTUAL DIMENSIONS; (E) IN MAKING ITS PROPOSAL COMMISSION HAS NO DESIRE TO HURT LDC'S WHO HAVE RELIED ON SELLING VEGETABLE OILS TO THE COMMUNITY. EC COULD USE TAXES COLLECTED ON OIL TO PROVIDE VARIOUS TYPES OF ECONOMIC ASSISTANCE TO THE LDC'S SINCE THE EC WOULD NOT EXPECT TO HAVE THESE COLLECTED TAXES SIMPLY PILE UP IN ITS OWN OR MEMBER GOVERNMENT COFFERS.

5. COMMENT: THE CORRIDORS OF THE EUROPEAN PARLIAMENT THE BETTING IS THAT IF AND WHEN THE COMMISSION LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 09077 161937Z

SENDS VEGETABLE OILS TAX PROPOSAL TO THE EC COUNCIL, THE LATTER WILL NOT ADOPT IT. HINTON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, DIPLOMATIC DISCUSSIONS, TAXES, VEGETABLE OILS, TRADE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976ECBRU09077  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760351-0130  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760954/aaaabuja.tel  
**Line Count:** 109  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 APR 2004 by BoyleJA>; APPROVED <02 APR 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EUROPEAN PARLIAMENT DEBATES EC COMMISSION'S VEGETABLE OIL TAX PROPOSALS  
**TAGS:** EAGR, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006